



Project #: 527-A-00-02-00134-00
Reporting Period: April – June 2004¹
SO12

I. Summary of Activity Status and Progress

A. Introductory Paragraph

With the continued generous support of USAID/Peru, WWF-PPO is building on lessons learned from the field. With its available technical and financial resources, it aims to consolidate its current forest projects into a single coherent forest program which will aim to more effectively contribute to USAID's Strategic Objectives, especially those concerning alternative economic development opportunities in the Amazonian region.

In particular, consolidation will allow WWF-PPO to put in place a more coherent management structure which will direct with greater efficiency available human and financial resources in order to address critical issues such as:

- institutional strengthening needed to combat illicit activities such as coca growing and illegal logging;
- certified and sustainable management of forests in strategic areas and watersheds;
- creation of economic growth and creation of employment opportunities through financial and technical assistance support to forest enterprises and local communities;
- greater transparency in the chain of custody and improved market links;
- more effective use of economic resources under one unified administration and leadership.

The long term goal of WWF-PPO's **Certification and Development of the Forest Sector** – CEDEFOR is to promote modernization, formalization and efficiency of the Forest Sector by providing technical assistance and financial support to government, local communities and the private sector, thereby contributing directly to national economic growth, the conservation of forest resources, and to Government of Peru's Alternative Development Plan.

The program will pursue the following specific objectives:

- To strengthen government, civil society and private sector institutions to promote sustainable forest management and combat illegal logging activities.
- To develop an integrated system of forest production based on sustainable forest management through creation and support of competitive and certified forest enterprises and local communities in the targeted regions.
- To provide support to individual enterprises, forest consortia and local communities, strengthening their business management capacities and improving their access to local, national and international markets so as to ensure their economic viability.

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B. Highlights

- WWF-PPO continues to develop a presence in the Loreto department. After assisting small and medium scale forest users in their requests for forest concessions, **34 applicants were awarded** areas for a total of **540,000 hectares**.
- Additional progress has been achieved in the establishment of forest enterprise consortia. Forest concessionaires are deciding to pool resources, and with WWF-PPO's support, are forming strategic alliances to establish value chains from which all enterprises involved will benefit.
- The Presidency of the Council of Ministers accepted the National Forest Dialogue Roundtable's request to **establish an Executive Commission to combat illegal logging** after declaring a cross-cutting national strategy to fight illegal logging at the national level.
- In early June, the *Negocia Madera 2004* event took place. An average of 650 individuals attended the event each day to listen to 16 national and international lecturers. At the international level, **USD 850,000 were negotiated**, and USD 1,850,000 were projected for the next 6 months.

C. Table of Activity Status

Activity Number	Activity Title	Status	Page number for more information
1	Community Forest Management	On-track	4
2	Forest Concession Implementation/ CEDEFOR	On-track	4
3	Environmental Education and Awareness Raising	On-track	10
4	Local Government Reforestation	On-track	11
5	Prevention and Mitigation of Environmental Impacts	Completed	12
6	Environmental Planning and Prioritization	Completed	13
7	Lesser Known Species	On-track	14

Status Categories: Completed, On-track, Delayed, Mixed performance, Pending, Canceled

II. Description of Site Progress

a. Key short and long-term program objectives for the sites.

i. Alternative Development Program

This project aims to achieve the following key objectives:

1. Prevent and mitigate habitat loss and freshwater ecosystem degradation, in the form of deforestation and forest fragmentation, soil runoff alteration, siltation, and hydrologic cycle disruption.
2. Create alternate income sources and employment opportunities not dependent on the illicit production of coca or illegal logging.
3. Provide training and comprehensive instruction to key players in the project area regarding all critical facets of forest product businesses and sustainable forest management, based on FSC principals and criteria.

4. Conduct restoration and reforestation pilot activities in order to mitigate the environmental damage caused by coca growing in the project area, and to promote sustainable forest management and voluntary forest certification as alternatives to coca growing.
5. Raise awareness among local communities and governments regarding sustainable forest management, voluntary forest certification, restoration, and reforestation.

ii. CEDEFOR

This project aims to achieve the following key objectives:

1. Promote forest certification of up to one million hectares of forest under the principles and criteria of the Forest Stewardship Council (FSC).
2. Provide technical support to the Ministry of Agriculture, INRENA and forest stakeholders to improve the ecological integrity of over ten million hectares of highly biodiverse and permanent production forests in priority Global 200 ecoregions in Peru, carry out forest ecosystem monitoring, combat illegal logging, and develop and implement forest policy with effective enforcement and regulations.
3. Provide technical assistance and training to 140 forest micro-enterprises and an additional 10 strategically and objectively selected forest concessions targeting resource poor loggers, indigenous communities, and small and medium scale businesses, to implement community-based participatory forest management, design and implement forest inventories and management plans, introduce best business practices, transform and market forest products, promote economic competitiveness and Voluntary Forest Certification. These ten forest concessions will be selected based on ecologically defined criteria including proximity to Global 200 Ecoregions and the biodiversity value of the specific forest landscape.
4. Sponsor, through sub-grants to specialized NGO partners, the establishment of a financial services system based on small, self-managed revolving loan funds to generate essential working capital for cost effective forest management and product marketing to position Peru's forest industry in the domestic and international market.
5. Implement a capacity building and grassroots organizing initiative to support government and civil society organizations to establish a strong forest authority for effective and transparent forest control and supervision.

iii. Lesser Known Species

This project aims to achieve the following key objectives:

1. Identify lesser known timber species that have characteristics that make these species likely candidates for sale in national and international markets, working in close collaboration with businesses in Madre de Dios, Ucayali, and Lima.
2. Determine the behavior of individual or groups of lesser known species selected for industrial testing (with emphasis on workability, drying, and finishing characteristics), according to the intended use of these species.
3. Working closely with key timber businesses, facilitate these business' access to national and international markets for promising lesser known species identified through the project, with particular emphasis on United States markets.

b. Summary of Progress for Site (if this provides added value or clarity, otherwise skip this)

c. Activity Description

Activity Title: Community Forest Management

i. Summary of major achievements and progress

- The organization contracted to implement field activities, PROCAM, has facilitated several workshops with the Potsoteni community, including *Communal Objectives and Priorities*, *Forest Legislation*, the *Establishment of Internal Organization* and *Forest Management and Silvicultural Plans*. A location diagnosis was also performed with the native community. As a result of these capacity building activities, 26 members of the Potsoteni indigenous community have received training in forest legislation, while 25 now are knowledgeable in the development of forest management plans. Finally, a community development plan was generated for Potsoteni.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
1.1	Capacity building and technical support for sustainable forest management and VFC: forest inventory, GFMP, AOP	On-track
1.2	Census and forest inventory training and development	On-track
1.3	Support forest micro-enterprise and community-based business development	On-track
1.4	Forest management plan design and development	On-track
1.5	Forest certification field scoping	Pending
1.6	Conduct forest activity rapid assessment	Pending
1.7	Identify Communities participating in forest management	Completed

iii. Key management issues

As part of WWF-PPO's proposal to consolidate USAID-financed activities, forest management efforts with the community of Potsoteni are included in CEDEFOR's revised goals. Specifically, initiatives to pursue voluntary forest certification with indigenous communities count the Río Ene community among the beneficiaries. Presently WWF-PPO is planning a visit to the project site to verify results to date of PROCAM's activities. This will facilitate the adaptive management of future involvement in the area.

CEDEFOR component I: Assistance to Forest Concession Implementation

i. Summary of major achievements and progress

- WWF-PPO continues to develop a presence in the Loreto department. Previously, it was reported that technical assistance was provided for the elaboration and submission of technical dossier as part

of the first public bidding process in Loreto. After assisting small and medium scale forest users in their requests for forest concessions, 34 applicants were awarded areas for a total of 540,000 hectares. During this report period, WWF-PPO supported the signing of their contracts with INRENA. In addition, concessionaires are receiving assistance to plan their next activities. Furthermore, the Itaya watershed has been identified as the priority watershed for future activities in this region.

- During this report period, WWF-PPO provided critical assistance to indigenous communities and concessionaires in their pursuit of Voluntary Forest Certification in accordance with Forest Stewardship Council standards. Advances with the *Consorcio Forestal Amazónico* (CFA), the Peruvian forest consortium closest to certification, involved the implementation of the first phase of a fauna inventory in the concession, as well as the development of an environmental impact assessment of forestry activities. The latter activity is included in the General Forest Management Plan already approved by INRENA. Furthermore, technical assistance was provided for the installation of 04 Permanent Evaluation Plots. Regarding forest management, WWF-PPO has continued with the diagnosis and preliminary evaluation for certification as well as the elaboration of action plans to comply with certification requirements. Concessionaires in Ucayali and Madre de Dios are currently developing action plans to achieve certification in the future. Furthermore, two concessionaires – *Consorcio Forestal Amazónico* and *Corporacion Maderera Palacios* – have developed Chain of Custody procedure manuals in the attempt to incorporate criteria established by the FSC. All of the activities described above are necessary steps to comply with FSC standards. In an effort to facilitate the certification process, some concessionaires are enrolling in the Modular Implementation and Verification (MIV). Three concessionaires in Ucayali are pursuing this step-by-step approach to certification.
- CEDEFOR is providing technical assistance to concessionaires that were awarded forest concessions in the first and second rounds of public bidding. In the department of Madre de Dios, CEDEFOR continues to assist enterprises that manage 28 forest concessions awarded in the first round of public bidding (621,265 hectares) and an additional 10 concessions awarded in the second round of public bidding (66,986 hectares). In Ucayali department, CEDEFOR is still providing technical assistance to 22 forest concessionaires (707,553 hectares), of whom 4 (39,357 hectares) were incorporated following the second round of public bidding. In San Martín and Huánuco, CEDEFOR specialists continue assisting 12 and 26 forest concessionaires, with a total of 165,853 and 164,245 hectares, respectively. During this reporting period, CEDEFOR has begun working with enterprises managing 34 forest concessions in the department of Loreto.
- The elaboration of General Forest Management Plans (GFMP) and Annual Operating Plans (AOP) is currently in progress. Following their revision by WWF technical specialists, they are submitted to INRENA for approval. In Madre de Dios, a total of 23 GFMP have been completed (545,417 hectares). In terms of AOP, a total of 24 have been completed for concessions located in the districts of Tahuamanu, Tambopata and Manu. In Ucayali department, WWF-PPO facilitated the completion and submission to INRENA of 14 GFMP (361,696 hectares). Forestry specialists have assisted the development of an additional 04 (140,341 hectares) GFMP that are awaiting submission to INRENA. Also for this region, a total of 09 AOP were completed. In San Martín, 04 GFMP (44,973 hectares) and 06 AOP have been developed. In Huánuco, 03 GFMP have been completed while 13 are in elaboration, and 14 AOP have been completed, while 10 are underway. Annual Operating Plans and General Forest Management Plans will enable forest concessionaires to conduct their harvests according to the principles of sustainable forest management.
- Permanent evaluation plots (PPE) are being installed in forest concessions to assess the various impacts on forest ecology due to sustainable forest management. Twenty PPE have been installed in 05 concessions in the different provinces of Madre de Dios. These concessions were selected based on the representation of a variety of forest types and their larger extension in the department. In Ucayali, 24 PPE have been installed, in Huánuco, 11, and in San Martín, 20 PPE. Data gathered

from geographical information systems was processed for 12 PPE in Huánuco and 20 PPE in San Martín.

- The use of Geographic Information Systems (GIS) is vital to the planning of field activities as well as the development of management and operating plans. During the report period, GIS specialists in San Martín developed 04 maps for GFMPs and 04 maps for AOPs. Three maps were elaborated of indigenous communities in Ucayali; one map on real location, a second one on official location and a third map on location discrepancies. In the case of Madre de Dios, 33 maps have been elaborated for GFMP, 28 for AOP and 18 for affidavits presented for land use planning and conflict resolution.
- During this report period, CEDEFOR continued to strengthen the capacities of forest users in forest management activities. Training has been continuous and informal, oftentimes taking place in the field. In San Martín, 05 forest technicians were trained in the implementation of forest inventories and use of related equipment. In addition, capacity building in the elaboration of GFMP and AOP was provided for forest consultants in San Martín. In April, 16 representatives of concessionaires received training in Entrepreneurial Organization in Madre de Dios. Furthermore, CEDEFOR staff, concessionaires and interns in Huánuco received training in forest harvest and primary and secondary transformation. In Ucayali, an explicatory meeting was held regarding the importance of a wood species sample collection. WWF-PPO assisted in the preparation of technical-commercial descriptions of the main commercial wood species as well as alternative species, with the participation of 10 enterprise representatives who also participated in the *Negocia Madera 2004* event.
- With the progression of the forest concession process in the regions, new opportunities have arisen in the CEDEFOR project for young professionals as well as technicians who can collaborate with the implementation of the project's diverse activities and goals. At the same time, various universities and institutes of technical training offered support so that the students would have the opportunity to complement their professional theoretical formation with practical training. As a result, the Pilot Program of Technical Support to Students was created, with the main objective of improving and strengthening the professional and technical capacities of 32 students from universities and institutes from Lima, Huánuco, San Martín and Ucayali. Among the results achieved were the analysis of state control posts, the development of databases for companies involved in timber transformation, as well as the elaboration of reports on evaluation and monitoring of the forest harvesting activities of the concessionaires that are assisted by WWF-PPO.
- In the department of Loreto, the Matsigenka indigenous community continues to receive technical assistance from CEDEFOR. During this period, the General Forest Management Plan and the Annual Operating Plan were disseminated to the 12 annexes of the Matsigenka community through workshops. The purpose was to ensure the community's understanding and acceptance of the management plans. A series of suggestions were collected and incorporated into the plans. A meeting was held with the community leaders in order to analyze the next steps to be taken. It was agreed that the General Forest Management Plan and the Annual Operating Plan would be presented to the community's General Assembly in the month of August, so that these could then be formally submitted to INRENA and, simultaneously, the respective responsibilities could be delegated to community members as well as supporting institutions for the execution of these plans.
- In Ucayali, WWF-PPO continues in the design and implementation of a pilot project for indigenous community forest management. During this report period, preliminary diagnostic visits took place in 03 communities – Nuevo San Lorenzo, Flor de Ucayali and Nuevo Saposo. A capacity building program is also being prepared in coordination with INRENA and ORAU (Ucayali Indigenous Peoples Association). As a result of the visits, WWF-PPO compiled a draft document for the prioritized watershed project that incorporates the communities' participatory analysis conclusions, the project's objectives and activities.

ii. Key management issues

The delay in management plan approval continues to pose an unresolved challenge to pursuing sustainable forest management. While WWF-PPO has assisted in the elaboration of 60 general forest management plans, only one plan has been approved by INRENA. Approval of Annual Operating Plans is also behind schedule. As a consequence, concessionaires are not able to legally mobilize timber from their areas. As a result, they then lack income required to make improvements in infrastructure and equipment. To compound the concessionaire's difficulties, the timber harvest is tightly restricted to a particular season of the year. While the harvest season varies from region to region throughout Peru, many concessionaires risk missing the opportunity to mobilize timber – and acquire cash flow – until the following year's season.

As part of a proposed plan for institutional support to INRENA, WWF-PPO would provide much needed funds so that the agency could hire additional personnel, specifically to review management plans currently backlogged.

CEDEFOR component II: Business management, marketing and financial services developed

i. Summary of major achievements and progress

- Small credits are awarded to forest enterprises to cover the labor costs of forest inventories. WWF-PPO transferred these funds to the Caja Rural of San Martín (CRSM), a regional savings and loan bank, for the administration of the loans. To date, 29 small loans have been distributed to implement detailed forest inventories. Following loan disbursement, WWF-PPO closely monitors their use in the field, ensuring that the beneficiaries comply with the conditions of the loans.
- Developed by WWF-PPO in close collaboration with the Caja Rural de San Martín (CRSM), the financial services mechanism is being implemented. To date, 04 credits for capitalization and labor capital have been disbursed to the forest concessionaires. WWF specialists have provided assistance in the elaboration of 11 business plans to several forest enterprises, complying with a prerequisite to requesting loans and qualifying as credit beneficiaries of the Trust Fund. In San Martín, assistance was provided for a concessionaire for a loan request that was approved for US\$ 10,000. The funds will be invested in labor capital for the construction of an access road to his concession. In Huánuco, three concessionaires are preparing to present the required documents to the CRSM for amounts of US\$ 79,000, US\$ 10,000 and US\$ 10,000. In addition, one of the objectives of the Tambopata Consortium's business plan is to receive a credit of US\$ 120,000 from the CRSM to invest in machinery for extraction, transformation and labor capital. WWF-PPO has also helped a concessionaire in Ucayali to assemble the necessary documentation to request credit from the CRSM. Credits awarded by the CRSM have facilitated the commencement of activities in some concessions where concessionaires did not otherwise have the necessary economic resources to do so.
- During the report period, additional progress was achieved in the establishment of forest enterprise consortia. Forest concessionaires are deciding to pool resources, and with WWF-PPO's support, are forming strategic alliances to establish value chains from which all enterprises involved will benefit. In Huánuco, 03 forest concessionaires have united to establish the consortium *Tirol SAC* in Tingo María, representing a total area of 19,281 hectares. Also in Tingo María, coordination efforts are underway to establish a consortium between two forest concessionaires for an area of 12,230 hectares. In Madre de Dios, following WWF-PPO's technical assistance during the last report period to four forest concessionaires, the Tambopata consortium was established. The latter is currently following the inscription process in the Public Registries and is elaborating its business plan. Assistance was also provided to a recently formed consortium to forge a business alliance with

interested buyers in Hong Kong. A potential demand from an enterprise in Hong Kong for *quinilla* floors, could be covered by a concessionaire in Ucayali, with a first shipment of a container (22 m³ at US\$ 610/ m³).

- In terms of capacity building in business management, a workshop entitled *Principal aspects of taxation and accounting in the Amazonia* was facilitated in the city of Tarapoto with the participation of 05 enterprises. WWF-PPO business specialists also facilitated a workshop in Sepahua, in which four concessionaires, INRENA, and representatives from an indigenous community participated. Topics included accounting and taxation and business management techniques. Finally, WWF-PPO participated in and provided support for the regional workshop on CITES, sponsored by ITTO. Participants included the public and private sector – as well as NGOs – from Peru, neighboring countries, and the United States. The outcomes of this meeting were strong support by importers to the United States to pursue responsible purchases of broad leafed mahogany. There was also the decision by participants to denounce mahogany harvesting from agricultural plots. The private sector also expressed backing to finance the scientific authority.
- In early June, the *Negocia Madera 2004* event took place, with objectives that included the presentation of the national supply of the forest grant and wood industry at the national level, the promotion of the commercial exchange of wood products at a national and international level, as well as the promotion of a total use of Peruvian forest wood species, including Lesser Known Species. Based on its results, it was concluded that the event was well organized, the objectives of the business roundtable were reached and that attendees were pleased with the event. An average of 650 individuals attended the event each day to listen to 16 national and international lecturers. Stands from public and private institutions including INRENA (National Institute of Natural Resources), Caja Rural de San Martin and PC-VFC (Peruvian Council for Voluntary Forest Certification) were also exhibited. At the international level, USD 850,000 were negotiated, and USD 1,850,000 were projected for the next 6 months. A total of 138 business meetings were scheduled with 13 importers. At the national level, USD 150,000 were negotiated, and USD 3,850,000 were projected for the next 6 months. Approximately 615 business meetings were scheduled with the 41 concessionaire enterprises and the 47 national buyers who attended the event.
- During this report period, WWF-PPO concluded the study of timber demand for the Southern Corridor (Arequipa, Puno, Juliaca and Cuzco), the Northern Corridor (Chimbote, Trujillo and Chiclayo) and the Central Corridor (Metropolitan Lima). In addition to this, studies were completed regarding the feasibility of a Timber Species Fair for 2005 as well as for supporting a national timber association (Confederación Nacional de la Madera). Finally, WWF-PPO participated in the Sao Paulo Fair on Certified Products to which importers and exporters were invited.
- WWF- PPO, through CEDEFOR, is publishing a monthly bulletin in coordination with PROMPEX. A total of 1000 copies of the sixth issue of *PRONFOR* will soon be distributed nationally in print to forest concessionaires, exporting enterprises, consulting agencies and institutions. *PRONFOR* provides updated information regarding national and international timber markets in a concise and user- friendly format.

ii. Key management issues

While significant advances are being achieved in the development of business plans and in several cases, the establishment of forest enterprise consortia, WWF-PPO realizes that strengthening recently-formed enterprises in order to be credit beneficiaries is a gradual process. In order for enterprises to be eligible to receive a loan from the Caja Rural de San Martin, they must not only submit a comprehensive business plan, but also present sufficient forms of guarantees. For many that lack capital and infrastructure, this is a formidable obstacle. In addition, the Caja requires as a pre-requisite to access credit a general forest management plan and annual operating plan approved by INRENA. As mentioned previously,

INRENA's approval oftentimes is delayed. In addition, concessionaires often lack capital to implement activities prior to the preparation of the management plans. WWF-PPO continues to assist many of these concessionaires with small loans to complete forest inventories.

CEDEFOR component III: Institutional strengthening and forest policy consolidation

i. Summary of major achievements and progress

- In the month of June, WWF-PPO specialists attended roundtable meetings in Ucayali with indigenous community leaders that are interested in having their communities participate in the pilot activities with indigenous community forest management.
- WWF-PPO continues to actively participate in the Regional Forest Dialogue Roundtable meetings in Madre de Dios, San Martín and Ucayali. The Ucayali Forest Dialogue Roundtable held three ordinary meetings and participated in a special committee to develop proposals to present to INRENA regarding timber mobilization, GFMP and AOP submission and approval and payment compliance.
- During this report period, the Presidency of the Council of Ministers accepted the National Forest Dialogue -cutting national strategy to fight illegal logging at the national level. Created on May 5th of this year Roundtable's request to establish an Executive Commission to combat illegal logging after declaring a cross under Supreme Decree N°019-2004-AG, the Commission's main objectives are to design, coordinate and execute activities designed to promote the fight against illegal logging; to plan, direct and supervise the implementation of the National Strategy against illegal logging; and to establish the long term policy guidelines to fight against illegal logging, among other goals.
- WWF-PPO continues in its support of activities to combat illegal logging. In Ucayali, a meeting with the National Forest Intendence of INRENA -Pucallpa was held in order to find solutions to the illegal logging problems in one of the forest concessions. In Madre de Dios, a proposal was drafted for a Regional Strategy to fight both illegal logging as well as the illegal timber commerce. Additionally, the Madre de Dios Regional Dialogue Roundtable agreed to organize a forum on illegal logging and commerce.
- WWF-PPO continues to provide financial and technical support to the Peruvian Council for Voluntary Forest Certification (PC-VFC). During this report period, a meeting organized by the Ucayali regional working group of the PC-VFC was held, where 09 participants from different institutions attended. In Loreto, awareness raising workshops were held. On an international level, WWF-PPO staff participated in the Third Latin American Meeting on National FSC Initiatives which took place in Sao Paulo, Brazil in April. During this meeting, FSC policies were reviewed and the proposal to establish the FSC Latin American Regional Office in Peru was discussed.
- During this period, an agreement of institutional support between WWF-PPO and PROMPEX (the Commission for Promotion of Exports) was developed. An example of the continued collaboration between the two institutions, an exposition on voluntary forest certification and market opportunities was organized as part of the workshop titled "Forest Certification and Market Opportunities," held at INRENA in April.
- WWF-PPO continues to facilitate the formation and build capacity of Forest Management Committees at the local level. In Huánuco, INRENA formally recognized the Forest Management Committee of Alto Huallaga (CGBAHA), while various assemblies and meetings have taken place for the approval of its governing statutes. Also in Huánuco, the inscription of CGBAHA in the

Public Registries is underway. In Ucayali, three Forest Management Committee proposals have been revised with INRENA, and another has been recognized. INRENA has also recognized three new Committees in Madre de Dios – Forest Management Committees of Iberia, Alerta-Mavila and Iñapari – where WWF-PPO specialists played an important role as facilitators and advisors in the process to achieve recognition.

- Technical assistance is provided to timber producers associations in each of the regions. In San Martin, WWF-PPO continues assisting ACOFORSAM (SM Forest Concessionaire Association) and ADIMARSAM (SM Timber Industry Association).

ii. Key management issues

As mentioned above, the Executive Committee to combat Illegal Logging was recently created through a Supreme Decree. This offers an exciting opportunity for all stakeholders interested in the modernization of the Peruvian forest sector. To facilitate its effectiveness in confronting illegal logging in the country's interior, regional commissions should also be established to provide on-the-ground follow up and implement the Committee's proposed activities. In some regions, these regional commissions are already in the process of formation, with the inclusion of diverse stakeholders from the private and public sectors.

iii. Table of progress in meeting key activity benchmarks

Activity Number	Activity Title	Status
1	Forest management and forest certification	On track
2	Business management, marketing and financial services developed	On track
3	Institutional strengthening and forest policy consolidation	On track

Activity Title: Environmental Education and Awareness Raising

i. Summary of major achievements and progress

- With respect to this component, WWF-PPO has primarily been working in San Martin, Huánuco and Aguaytía to strengthen Forest Management Committees. These Committees primarily consist of forest concessionaires, farmers, and representatives of indigenous communities, local governments, and INRENA. The Committees serve to raise awareness among forest resource users regarding options for access to these resources and forest management according to Peruvian laws, and to facilitate dialogue with communities that have been encroaching on forested areas. Ultimately, WWF-PPO aims to ensure that these Committees serve as supervisors of sustainable forest management efforts and collaborators in anti-illegal logging efforts.
- In San Martin, WWF-PPO continued to provide technical support to AMRESAM (*Asociación de Municipalidades de la Región San Martín*) in order to establish and build capacity among the Forest Management Committees. Through AMRESAM, WWF-PPO provided a facilitator to support El Dorado community in the province of Huallaga in a training course that took place during the first week of May. In coordination with WWF-PPO specialists, AMRESAM recently prepared a manual to orient stakeholders in how and why to form Forest Management Committees. This material was validated and utilized during a general meeting of a local Forest Management Committee.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
3.1	Community based Environmental Education and awareness raising for local community habitat restoration: awareness raising campaign addressing soil degradation due to cultivation of illicit crops and illegal logging in target sites of upper catchments and sub-catchments in the Aguaytía river basin	Completed
3.2	Local government reforestation: forest conservation and reforestation awareness raising campaign targeting Alto Aguaytía	Completed
3.3	Sustainable forest management and VFC in Von Humboldt: awareness raising and education campaign addressing Forest Law implementation and VFC and targeting small growers of the Aguaytía Small Timber Loggers Association	On-track
3.4	Provide EE assistance to training for forest concessions processes and VFC implementation	On-track
3.5	Community forest management and VFC campaign targeting selected indigenous communities (Cashibocatacaibo and Shipibo-conibo ethnic groups) in Von Humboldt	On-track
3.6	Provide EE assistance to training in Community Forest Mgmt and VFC	On-track
3.7	Environmental education in support of conflict resolution in forest resources use	On-track

iii. Key management issues

Having developed a new focus for the CEDEFOR project on integrated watershed development, WWF-PPO is faced with the challenge of ensuring the inclusion of all stakeholders at the watershed level in management decisions. An obvious avenue to facilitate participation, Forest Management Committees can be adapted to address sustainable resource management within the watershed.

Activity Title : Local Government Reforestation**i. Summary of major achievements and progress**

- In Huánuco, reforestation activities with the Bella community are reaching completion. The municipality-owned nursery is being registered in INRENA in order to obtain the required permissions for production and distribution of saplings to the interested parties. A database of privately-owned plantations is in its final stage of completion. This registration and monitoring database is important to effectively keep track of forest plantings and will allow for detailed follow-up and future evaluation of the sustainability of this activity in the medium term as well as its relevance towards aimed beneficiaries.
- In San Martín, AMRESAM has continued its efforts to recuperate degraded areas in the Alternative Development Program's area of influence, elaborating 28 local forest management plans with each of the farmers involved in the project. Likewise, several workshops have been organized on topics regarding legal aspects and institutional roles on forest conservation and recovery of degraded areas as well as forest management alternatives in the micro-watersheds of Campanilla. At the same time, farmers are receiving technical assistance on the installment of nursery trees, techniques and procedures of natural regeneration, implementation of forest management plans and processing of

information collected from each management plan. Thus far, 13 forest management plans have been implemented, a municipal nursery has been installed in the Campanilla district and demonstrative parcels have been installed.

- WWF-PPO provided support to AMRESAM in preparation of a capacity building workshop for participants of the project Recuperation of Degraded Areas with the local government of Campanilla. Among the 80 participants were representatives of local authorities, public and private institutions and the local population.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
4.1	Prioritize and select local governments and target sites	Completed
4.2	Develop integrated reforestation plans and design and implement reforestation program and environmental awareness program	On-track
4.3	Support local government establishment and management of nurseries and seedlings in three local government target sites	Completed

iii. Key management issues

While activities in the Bella community have concluded according to schedule, reforestation efforts in the Campanilla area continue. The delay in field advances can be attributed to the formalizing of the agreements with the communities and the contracting of required personnel. The adjusted timetable allows for the completion of project activities during the next reporting period. Of equal or more importance of the completion of activities, project leaders must invest significant effort in ensuring the local community's adoption of activity administration and maintenance, which in turn promotes sustainability.

Activity Title : Prevention and Mitigation of Environmental Impacts

i. Summary of major achievements and progress

- WWF-PPO, in coordination with the *Universidad Nacional Agraria de la Selva* (UNAS) and *Sociedad Peruana de Ecodesarrollo* (SPDE) completed habitat restoration activities with 100 families in the area of influence of Tingo María National Park and 09 rural communities. A total of 66,300 saplings have been planted in the restoration plots over a total area of 250 hectares of degraded areas. As a source of saplings, temporary nurseries were established in family plots; this technique proved cost- effective and educational for the participating families.
- During this report period, an additional 800 temporary labor days were utilized, principally in tree planting activities.
- In mid June a short workshop on forest landscape restoration was conducted at the *Universidad Nacional Agraria de la Selva* (UNAS) campus. A number of national experts, students and stakeholders attended a series of lectures on the ecological basis of Forest Landscape Restoration and its environmental, social and economic benefits. Practical experiences in similar ecological conditions were compared and opportunities for knowledge sharing were identified.
- Finalizing the project, formal dissemination mechanisms for the lessons learned regarding the prevention and mitigation of environmental impacts are being developed with the participation

of SPDE and environmental groups of UNAS. One proposed mechanism is a web site currently under development.

- In response to a dry spell in the region, WWF-PPO organized a two-day training session on forest fire prevention and contained burning, conducted with the participation of local farmers and pasture managers. Hand in hand with this training program, scripts for radio spots addressing the risks and prevention of burnings were prepared for a local public campaign.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
5.1	Design habitat restoration plan (with the <i>Universidad Nacional Agraria de la Selva</i> – UNAS)	Completed
5.2	Soil type and erosion analysis in target areas	Completed
5.3	Habitat restoration program: design and implement habitat restoration and monitoring training program with local communities	Completed
5.4	Recovery program: Phase1 – implement habitat restoration plots; Phase 2 – develop and implement a habitat restoration monitoring system for restoration plots; Phase 3 – strengthen habitat restoration plots with additional vegetation cover and promote transitional vegetation cover	Completed

iii. Key management issues

Activities were completed according to schedule.

Activity Title : Environmental Planning and Prioritization

i. Summary of major achievements and progress

Activities were completed according to schedule.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
6.1	Identify, select and develop grant for the NGO responsible for Landscape and Land Use change analysis (WWF)	Completed
6.2	Develop a biogeographic and cartographic database and gather, systematize and synthesize cartographic data (CDC)	Completed
6.3	Design GIS and analyze and interpret satellite images (CDC)	Completed
6.4	Develop vegetation map description, analysis and geo-referencing (CDC)	Completed
6.5	Develop methodological proposal for the identification of High Conservation Value Forests (HCVF) (CDC)	Completed
6.6	Coordinate workshop to define criteria for selecting areas of HCVF (CDC/WWF)	Completed

6.7	Facilitate identification, prioritization and analysis through a conservation status assessment of remaining blocks of HCVF's, river basins and sub river basins for conservation within the context of the ADP (CDC)	Completed
6.8	Land use change patterns: time series analysis and methodological proposal (CDC)	Completed
6.9	Develop and submit ecological and environmental zoning (EEZ) proposal for land and natural resources use zoning in identified priority sub-catchments, and submit final report (CDC)	Completed
6.10	Threats analysis and terms of reference for restoration and mitigation of environmental service's degradation, soil erosion and siltation assessment in selected sub-catchments (WWF)	Completed
6.11	Analysis of road improvement and anthropogenic pressure impact on forest cover in the ADP area (CDC)	Completed
6.12	Deforestation and forest fragmentation analysis, and workshop to validate findings and results (CDC)	Completed
6.13	Ecosystems Alterations: impact assessment of rehabilitated roads and Final Report	Completed

iii. Key management issues

Activites were completed according to schedule.

Amendment to ADP: Promoting Lesser Known Species Harvesting, Industrialization and Marketing to Support Sustainable Forest Management in the Peruvian Amazon

i. Summary of Major Achievements and Progress:

- Exportimo and Magensa furniture companies are presently completing guides to industrial processing of the Lesser Known Species timber that they have analyzed. As these species are recently making their debut in the domestic and international market, it is important that the studies that are being concluded be accessible and useful for other companies. Exportimo is also in the process of building furniture prototypes to promote through the Peruvian Embassy in the United States, Spain, Italy, Holland and Germany.
- In terms of capacity building, a workshop was facilitated with concessionaires in Tingo María. A total of 40 participants received training in low impact logging techniques. This is an important complement to other project activities because of the implication of exploiting additional forest species. While one objective of the LKS project is to reduce the pressure on valuable hardwood species such as broad leafed mahogany and cedar, increased and unplanned forest access should not be a consequence. WWF-PPO specialists train concessionaires in access road design and management plan development, promoting the sustainable exploitation of alternative wood species without an increased negative impact on forest ecology.
- In Ucayali, a sampling of 40 main timber species was elaborated in coordination with *CITE Madera*, and then partially displayed at the *Negocia Madera 2004* event. Please refer to the CEDEFOR component III for more information regarding the results of *Negocia Madera 2004*.

- Four WWF-PPO representatives participated in an international conference held in Santa Cruz, Bolivia in April, during which markets for Lesser Known Species were analyzed and attendees shared experiences regarding the investigation and promotion of these species. The event was organized by CADEFOR (Amazonian Center for Sustainable Forest Enterprise) and BOLFOR (Bolivia Sustainable Forest Management Project implemented by the Governments of Bolivia and the United States by means of a Grant Agreement).

ii. Table of Activity Status

Activity Number	Activity Title	Status
1	Community-based Micro-enterprise and “On-the-ground” Technology Development	On-track
2	Knowledge	On-track
3	Species Promotion	On-track
4	Cooperation	On-track

iii. Key management issues

During the course of the project’s implementation, WWF-PPO’s partners have encountered as the principal difficulty, the lack of a consistent and reliable source of timber. This has resulted in a delay in the completion of activities as originally scheduled.

WWF-PPO, in an effort to achieve project goals more efficiently and effectively, has proposed the consolidation of USAID-financed projects under CEDEFOR. Furthermore, shared objectives have been identified in the CEDEFOR and Lesser Known Species projects. CEDEFOR’s access and experience with forest users provides a valuable resource to facilitate the pursuit of LKS’ goals of investigation and species promotion. WWF-PPO has worked with project partners to identify concessionaires successfully transporting timber, with access to lesser known species, and aims to strengthen relationships between these concessionaires and timber buyers.

III. Success Stories and Other Appendices

When appropriate and possible, include one or more one-page success stories appropriate for public dissemination.